

12 December 1984

MEMORANDUM OF CONVERSATION

SUBJECT: Premium Tax - *File*

1. On 10 December C and DC/IOD met with Mutual of Omaha accountants responsible for the GEHA accounting statement with the associated tax payments. Topic was Premium Tax, how it is calculated, paid, and what are the reporting requirements. Mutual explained that premium tax is a tax per policyholder paid to state of domicile of the policyholder. If domicile is not known it is paid to State, where contract is written. In GEHA's case this is the District of Columbia. Because Mutual does not receive a state breakdown from GEHA, all premium tax is paid to D.C. In addition individuals residing outside the territorial U.S. are not liable for the tax. Thus, it is possible that GEHA is paying several hundred thousand dollars of unnecessary tax each year.

2. Mutual proposed two possible alternatives to avoid overpayment of taxes:

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b. It satisfies the state insurance reporting requirements to the letter for Mutual.

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4. We plan to discuss the above with of OGC on 12 December.

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Chief, Insurance Operations Division

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